

FOR MAIL ROOM

Before the
Federal Communications Commission
Washington, D.C. 20554

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In the Matter of)	
)	
Request for Review of the)	
Decision of the)	
Universal Service Administrator by)	
)	
St. Landry Parish School District)	File No. SLD-119687
Opelousas, Louisiana)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45 ✓
Universal Service)	
)	
Changes to the Board of Directors of the)	CC Docket No. 97-21
National Exchange Carrier Association, Inc.)	

ORDER

Adopted: February 28, 2001

Released: March 1, 2001

By the Common Carrier Bureau:

1. The Common Carrier Bureau has under consideration a Request for Review filed by the St. Landry Parish School District (St. Landry), Opelousas, Louisiana on April 28, 2000.¹ St. Landry seeks review of a funding commitment decision issued by the Schools and Libraries Division (SLD) of the Universal Service Company (Administrator) pursuant to a funding request for discounts under the schools and libraries universal service support mechanism.² For the reasons set forth below, we deny St. Landry's Request for Review.

2. Under the schools and libraries universal service support mechanism, eligible schools, libraries, and consortia that include eligible schools and libraries, may apply for discounts for eligible telecommunications services, Internet access, and internal connections.³ In order to receive discounts on eligible services, the Commission's rules require that the applicant

¹ Letter from Lanny Moreau, St. Landry Parish School District, to the Federal Communications Commission, filed April 28, 2000 (Request for Review).

² See Letter from Schools and Libraries Division, Universal Service Administrative Company, to John Ardoin, St. Landry Parish School District, issued September 28, 1999 (Funding Commitment Decision Letter); Letter from Schools and Libraries Division, Universal Service Administrative Company, to John Ardoin, St. Landry Parish School District, issued March 31, 2000 (Administrator's Decision on Appeal).

³ 47 C.F.R. §§ 54.502, 54.503.

submit to the Administrator a completed FCC Form 470, in which the applicant sets forth its technological needs and the services for which it seeks discounts.⁴ Once the applicant has complied with the Commission's competitive bidding requirements and entered into agreements for eligible services, it must file an FCC Form 471 application to notify the Administrator of the services that have been ordered, the carriers with whom the applicant has entered into an agreement, and an estimate of funds needed to cover the discounts to be given for eligible services.⁵ Using information provided by the applicant in its FCC Form 471, the Administrator determines the amount of discounts for which the applicant is eligible.

3. The instant appeal arises from SLD's denial of St. Landry's request for discounts for internal connections, Funding Request Number (FRN) 171772, on the grounds that 30 percent or more of the request was for products and services ineligible for discounts under Commission rules.⁶ In an FCC Form 471, filed on March 30, 1999, St. Landry sought discounts on \$108,295 for internal connections (revised from \$101,485 to account for computational errors) from the Bellweather Technology Corp. d/b/a Computerland of Louisiana. On September 28, 1999, SLD denied funding for the requested internal connections, finding that certain equipment requested in FRN 171772, specifically a "CD Tower/installation & data cartridges," were ineligible for funding.⁷

4. St. Landry filed an appeal with SLD on October 8, 1999, acknowledging that it had incorrectly included ineligible equipment in its application. In the appeal, St. Landry deleted the ineligible equipment from its request, thereby reducing the amount requested to \$68,990.⁸ SLD denied St. Landry's appeal on March 31, 2000, explaining that the original funding request for discounts on \$108,295 included impermissible amounts of ineligible services, such as \$36,000 for the CD tower and \$2,860 for the data cartridges, resulting in the denial of the entire amount of the funding request.⁹ St. Landry subsequently filed the instant appeal with the Commission on April

⁴ 47 C.F.R. § 54.504 (b)(1), (b)(3).

⁵ 47 C.F.R. § 54.504(c).

⁶ Funding Commitment Decision Letter at 5. The "30-percent policy" is not a Commission rule, but rather is an SLD operating procedure established pursuant to FCC policy. See *Changes to the Board of Directors of the National Exchange Carrier Association, Inc., Federal-State Joint Board on Universal Service*, CC Docket Nos. 97-21 and 96-45, Third Report and Order in CC Docket No. 97-21 and Fourth Order on Reconsideration in CC Docket No. 97-21 and Eighth Order on Reconsideration in CC Docket No. 96-45, 13 FCC Rcd 25058 (1998). This operating procedure, used during SLD's application review process, enables SLD to efficiently process requests for funding for services that are eligible for discounts but that also include some ineligible components. If 30 percent or less of the request is for funding of ineligible services, SLD normally will consider the application and issue a funding commitment for the eligible services. If more than 30 percent of the request is for funding of ineligible services, SLD will deny the funding request in its entirety. The 30 percent policy allows SLD to efficiently process requests for funding that contain only a small amount of ineligible services without expending significant fund resources working with applicants that are requesting funding of ineligible services.

⁷ *Id.*

⁸ Letter from Lanny Moreau, St. Landry Parish School Board, to Schools and Libraries Division, Universal Service Administrative Company, filed October 15, 1999.

⁹ Administrator's Decision on Appeal at 1.

28, 2000. In this appeal, St. Landry again requests discounts on the \$68,990 for equipment it identified as eligible for discounts in its appeal to SLD.¹⁰

5. We decline to grant St. Landry's appeal. St. Landry should have been aware that it was seeking discounts for ineligible services. The program's rules state that universal service funds support only eligible services.¹¹ The instructions for the FCC Form 471 clearly state: "YOU MAY NOT SEEK SUPPORT ON THIS FORM FOR INELIGIBLE SERVICES."¹² The instructions further clarify that "[w]hile you may contract with the same service provider for both eligible and ineligible services, your contract or purchase agreement must clearly break out costs for eligible services from those for ineligible services."¹³ SLD's web site contains a list of eligible services, including a section on the services that are eligible for discount, and information tips on how to file an application.¹⁴

6. Furthermore, we decline to allow St. Landry to amend its original application to eliminate ineligible services from its funding request. SLD has established a policy that applicants are not permitted to amend completed FCC Forms 471 to remove ineligible service requests after the closure of the filing window.¹⁵ This policy imposes upon applicants the responsibility of preparing their applications carefully and obtaining appropriate assistance to avoid including ineligible expenses.¹⁶ If applicants were permitted to correct their applications after SLD has denied them, it would eliminate any incentive for them to avoid including ineligible expenses in their funding requests. This would significantly increase the administrative burden SLD would face while carrying out its obligation to guard against the occurrence of errors and fraud. In light of the thousands of applications that SLD reviews and processes each funding year, administrative necessity requires that each applicant be responsible for clearly and accurately describing its funding request. The applicant must act to ensure that its request for discounts satisfies program rules, which limit universal service mechanism funds to eligible services only.¹⁷

7. Despite clear instructions that applicants must segregate costs for eligible services

¹⁰ *Id.*

¹¹ 47 C.F.R. §54.504 et seq.

¹² Form 471 Instructions at 15.

¹³ *Id.* at 16.

¹⁴ See SLD web site, <<http://www.sl.universalservice.org>>; see Instructions for Completing the Schools and Libraries Universal Service Services Ordered and Certification Form (FCC Form 471), OMB Approval No. 3060-0806 (December 1998) at pp. 5-6 (Form 471 Instructions).

¹⁵ The Commission's rules require that applicants file a completed Form 471 by the filing window deadline to be considered pursuant to the funding priorities for "in-window" applicants. 47 C.F.R. §§ 54.504(c), 54.507(c).

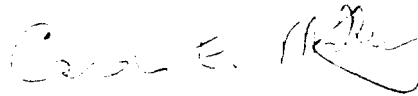
¹⁶ Assistance is available to applicants from many sources, including SLD's website. See note 12.

¹⁷ 47 C.F.R. §54.504 et seq.

from those for ineligible services and that applicants cannot seek funding for ineligible equipment, St. Landry sought discounts for ineligible services. Because ineligible equipment constituted more than thirty percent of St. Landry's original funding request, and in light of the prohibition against allowing applicants to amend their applications once the filing window has closed, we affirm SLD's decision to reject St. Landry's funding request in its entirety.

8. ACCORDINGLY, IT IS ORDERED, pursuant to authority delegated under sections 0.91, 0.291, and 54.722(a) of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 54.722(a), that the Request for Review filed April 28, 2000, by St. Landry Parish School District, Opelousas, Louisiana IS DENIED.

FEDERAL COMMUNICATIONS COMMISSION



Carol E. Matthey
Deputy Chief, Common Carrier Bureau